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ATTN PARIS FOR MARK PRATT

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TAGS: SOPN, XC, US

SUBJECT: FEBRUARY 3 EA PRESS SUMMARY

1. JAPAN

IN 2/2 JAPAN SOCIETY SPEECH, MANSFIELD SAID DURING 1ST
YR CARTER ADMIN, US HAS SOMETIMES "GIVEN AN IMPRESSION
OF INDIRECTION AND INCONSISTENCY" IN ITS POLICY TOWARD
JAPAN, BUT SAID PROBLEM "ONE OF PERCEPTION RATHER THAN
OF REALITY." TERMED US INTERESTS IN ASIA "NO LESS
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VITAL THAN THOSE IN EUROPE," BUT ADDED ASIA MUST "LOOM
LARGER IN OUR CONCIOUSNESS" (WP, NYDN).

NYT'S SCOTT-STOKES EMPHASIZES AMB'S COMMENTS ON TRADE.
MANSFIELD STATED JAPAN HAD MADE "GENUINE AND NOT MERELY
COSMETIC" CONCESSIONS IN TRADE TALKS W/US LAST MONTH.
AT NEWS CONF PRECEDING SPEECH, AMB CITED JAPAN'S HUGE
TRADE SURPLUS/PREDICTED "SIZEABLE REDUCTION" W/IN NEXT
2-3 YRS.

TRANSPORT MINISTRY HAS NOTIFIED INTL AIR TRANSPORT ASSN
OF 33 PCT HIKE IN LANDING CHARGES AT NARITA AIRPORT/OTHER
MAJOR AIRPORTS THRUOUT JAPAN. INCREASES MADE UNILATERALLY

AFTER MINISTRY AUTHORITIES FAILED REACH AGREEMENT ON
MATTER W/IATA OFFICIALS AFTER 4 DAYS TALKS. NEW FEES
MEAN JUMBO JET WILL BE PAYING OVER 4,600 DOLS PER
LANDING (CULLISON, JOC TOKYO).

IN ANOTHER ITEM, CULLISON REPORTS JAPAN'S SHIPOWNERS/SEA-
MEN'S UNION EXPECT MORE THAN USUAL DIFFICULTIES DURING
THIS SPRING'S WAGE NEGOTS. SOURCES SAY MAJOR PROBLEM
INVOLVES SHIPPING FIRMS' PROPOSAL FOR COMPLETE RE-
EXAMINATION ENTIRE WAGE STRUCTURE OF UNION MEMBERS.
MANAGERS CONTEND THERE MUST BE SERIES WAGE CUTBACKS/REDUC-
CTIONS IN HOLIDAY, OTHER SPECIAL ALLOWANCES.
BANK OF TOKYO SAYS 11 COMMERCIAL BANKS WILL EXTEND 7-
YR/65-MIL-DOL LOAN TO MEXICAN OIL CORP AS PART 1-BIL-
DOL NATURAL GAS PIPELINE IN MEXICO (WSJ).

2. KOREA

ETHICS CMTE INVESTIGATORS ANNOUNCED 2/2 THEY WILL BEGIN
CLOSED-DOOR QUESTIONING TONGSUN PARK 2/21. COUNSEL
JAWORSKI/CMTE CHRMN FLYNT SAID CMTE WILL INTERROGATE
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PARK IN OPEN SESSION AT LATER DATE. JAWORSKI TOLD CMTE
MEMBERS TERMS FOR QUESTIONING SO FAVORABLE THAT "I KNOW
OF NOTHING ELSE TO ASK FOR." FLYNT SAID PARK'S AGREEMENT
TESTIFY MEANS INFLUENCE-BUYING PROBE "ABOUT TO BE
BROUGHT TO A SUCCESSFUL CONCLUSION" (AP, SUN; WSJ).
WP'S CHAPMAN (SEOUL) REPORTS TONGSUN PARK HAS TOLD DOJ
INVESTIGAORS HIS OWN LISTS OF CASH GIFTS TO MEMBERS
CONGRESS INCLUDE MANY TRANSACTIONS THAT NEVER TOOK
PLACE. US OFFICIAL FAMILIAR W/POLYGRAPH RESULTS IN
PARK QUESTIONING SAID "SIGNIFICANT NUMBER" ENTRIES ON
PARK'S LISTS "FICTITIOUS"/MADE TO SERVE HIS OWN PURPOSES.
HOWEVER, US OFFICIALS ALSO DESCRIBED PARK'S TESTIMONY
AS STRENGTHENING CASE AGAINST FORMER REP HANNA (D-
CALIF), INDICTED LAST OCT.

3. CHINA

GWERTZMAN (NYT) REPORTS USLO'S WOODCOCK, IN TELEPHONE
INTERVIEW, ACKNOWLEDGED HE WAS "COMPLETELY IN AGREEMENT"
W/WHITE HOUSE JUDGMENT THAT IT CANNOT PROCEED TO NORMALIZE
RELS W/PRC UNTIL PANAMA CANAL TREATIES/SALT APPROVED BY
SENATE. ASKED IF HIS UAW STATEMENT WAS CONSISTENT W/US
POLICY, WOODCOCK AFFIRMED IT WAS/THAT DID NOT REPRESENT
START OF "CAMPAIGN OR A CHANGE IN POLICY." WOODCOCK
ADDED THAT "WAYS HAD TO BE FOUND TO PROTECT THE WELL-BEING
OF THE PEOPLE OF TAIWAN"; HOWEVER, GWERTZMAN SAYS, HE/OTHER
CHINA EXPERTS IN USG SEEMED AGREED THAT PRC WOULD MAKE NO
PROMISE ON ROC BECAUSE IT REGARDS UNIFICATION AS INTERNAL

CHINESE ISSUE.

GWERTZMAN ALSO OBSERVED WOODCOCK'S UAW COMMENTS "TOUCHED OFF EXCITEMENT IN EA BUREAU OF DOS," WHICH FEARED THEY MIGHT BE SEEN AS "TALKING OUT OF TURN"/"TRIAL BALLOON." REPORTS ONE SPOKESMAN WAS INSTRUCTED TO SAY THERE WAS "NO CHANGE IN POLICY,"/THAT GOAL OF US POLICY IS NORMALIZATION OF RELS.

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IN SAME ARTICLE, GWERTZMAN NOTES DOD'S BROWN REPORTED IN ANNUAL DEFENSE POSITION STATEMENT THAT EFFECTIVE RELS W/ PRC IMPORTANT AS STRATEGIC COUNTERWIEGHT TO SOVIETS/ALSO BECAUSE RELS WILL STRENGTHEN INTEREST OF PRC IN REGIONAL STABILITY.

AP (WP, GLOBE, SUN) BRIEF NOTES DOS ATTEMPTED "DOWNGRADE SIGNIFICANCE" OF WOODCOCK'S UAW REMARKS AT 2/2 NOON BRIEFING. SPOKESMAN TRATTNER DESCRIBED AMB'S COMMENTS AS "PERSONAL ASSESSMENT"; BUT, AP SAYS, TRATTNER DECLINED DISASSOCIATE DEPT FROM REMARKS ENTIRELY--THO APPEARED THEY HAD CAUGHT ADMIN "BY SURPRISE."

4. THAILAND/CAMBODIA

THAILAND/CAMBODIA REPORTED TO AGREE 2/2 TO EXCHANGE AMBS/ UNDERTAKE FORMAL TRADE RELS. THAI FONMIN UPADIT PACKARIYNAGKUN, RETURNING TO BANGKOK 2/2 FROM 4-DAY PP VISIT, DESCRIBED TALKS AS "SUCCESSFUL"/"SATISFACTORY." UNCLEAR, HOWEVER, WHETHER ANY SPECIFIC AGREEMENT REACHED BETWN THEM TO PREVENT FUTURE BORDER CLASHES. CAMBODIA REPORTED AGREED TO RELEASE UNKNOWN NUMBER THAI FISHERMEN CAPTURED IN GULF OF THAILAND SINCE '75 (MORITZ CSM, HK; WSJ; UPI BANGKOK JOC).

KAMM (NYT BANGKOK) FURTHER NOTED UPADIT DECLINED SAY HOW SOON DIPLO RELS MIGHT BE ESTABLISHED. SAYS REPORTERS STRUCK BY HIS EFFORTS NOT SAY ANYTHING UNKIND ABOUT PP, VOLUNTEERING THAT REPORTS ABOUT CONDITIONS IN CAMBODIA SINCE COMMUNIST VICTORY MIGHT HAVE BEEN EXAGGERATED.

LAWTON (QP BANGKOK) REPORTS UPADIT STATED CAMBODIANS "TOLD US THEY HAVE NO REASON WHATSOEVER TO CREATE

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INCIDENTS ALONG THE BORDER, SO WE SHOULD TRY OUR BEST TO HAVE PEACE." UPADIT SUGGESTED CLASHES MIGHT HAVE BEEN WORK OF "THIRD PARTIES" NOT UNDER CONTROL OF EITHER GOVT. ONE THAI ADVISOR PRIVATELY SUGGESTED CAMBODIANS SOUGHT

IMPROVE RELS W/THAIS BECAUSE OF CONTINUING CONFLICT W/VN.
MEANWHILE, LAWTON NOTES, CAMBODIA/VN FIGHTING CONTINUES
W/NEW SHELLINGS/GROUND ATTACKS REPORTED.

5. CAMBODIA

SOVIET UNION REPORTED CLOSE TO MAKING FINAL DIPLO BREAK
W/PP. ANTI-CAMBODIA CAMPAIGN IN SOVIET PRESS REPORTED
MOUNTING IN TEMPO LAST WK (AP SUN, MOSCOW).

6. HONG KONG

REUTER (HK) REPORTS CATHAY PACIFIC AIRLINE ANNOUNCED FRI
IT WILL PURCHASE ITS FIRST BOEING 747 FOR USE ON FLIGHTS
TO JAPAN/AUSTRALIA; FIRM'S MANAGING DIRECTOR ALSO SAID IT
HAS TAKEN OPTION ON 2 MORE 747S/JUST COMPLETED "MOST
SUCCESSFUL AND PROFITABLE YEAR IN ITS HISTORY."

7. SINGAPORE

HIJACKING/RELATED OFFENSES WILL BE PUNISHABLE WITH LIFE
IMPRISONMENT UNDER GOS BILL PUBLISHED 2/3. MEASURE, NOW
IN PARLIAMENT, STIPULATES HIJACKERS CAN BE TRIED IN SINGA-
PORE COURT, REGARDLESS OF THEIR NATIONALITY/STATE OF
REGISTRATION/OR PLACE WHERE HIJACKING TOOK PLACE (REUTER
SINGAPORE).

8. VIETNAM

US WILL SEEK EXPULSION SRV UN AMB DINH BA THI AS RESULT HIS
ALLEGED PARTICIPATION IN ESPIONAGE CASE INVOLVING USIA
EMPLOYEE HUMPHREY/VN NATIONAL TRUONG (SCHWEID AP, WSJ).
US MADE FORMAL PROTESTS TO VN OVER ACTIVITIES HUMPHREY/
TRUONG; DELIVERED 2/1 TO VN UN MISSION/VN EMBASSY IN
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PARIS (REUTER NYT).

WP'S MCALLISTER SAYS COMMON-LAW WIFE OF INDICTED USIA
EMPLOYEE HUMPHREY REPORTEDLY HAS 16-YR-OLD SON NOW
BEING HELD HOSTAGE BY VIETNAMESE. FOUR OTHER CHILDREN/
WOMAN HERSELF SAID TO HAVE GOTTEN OUT VIETNAM LAST FALL
ONLY AFTER INTERCESSION OF GERMAN NOVELIST HEINRICH BOLL/
SWEDISH/GERMAN DIPLOMATS. THIS MADE KNOWN IN STATEMENT
BY HUMPHREY'S LAWYER, WHICH ALSO SAYS HUMPHREY'S VIET WIFE
HELD CAPTIVE 225 DAYS BY COMMUNISTS AFTER SAIGON'S FALL/
IMPRISONED/TORTURED BECAUSE SHE WORKED FOR USG.

MCALLISTER SAYS DOS DECLINED COMMENT ON STATEMENT, BUT
THAT SPOKESMAN FOR SWEDISH EMBASSY IN DC ACKNOWLEDGED
GOS, "FOR HUMANITARIAN GROUNDS," HAD HELPED FAMILY.
PRESSURE TO HELP CAME FROM HUMPHREY'S "FRIENDS"/"CONTACTS"
IN FRG/NOVELIST BOLLS, ACCORDING SPOKESMAN LARS ARNO.
ACCORDING ONE HUMPHREY ASSOCIATE, '69-'70 VN ASSIGNMENT

LEFT DEEP IMPRESSION ON HUMPHREY; CONTINUED TO HAVE STRONG INTEREST IN COUNTRY LONG AFTER HE LEFT/WAS ASSIGNED TO FRG.

COMMENT AND ANALYSIS

9. CHINA

STROUT (CSM) OBSERVES SEVERAL PROMINENT AMERICANS RETURNING FROM PRC VISITS ARE NOW BRINGING WH SAME URGENT WARNING: "TIME IS RUNNING OUT FOR NORMALIZATION OF US/CHINA RELS." CITES RECENT COMMENTS OF AMB WOODCOCK/SEN KENNEDY/SEN CRANSTON, ALL OF WHOM URGE ADMIN NORMALIZE SOONER RATHER THAN LATER.

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SKLAREWITZ (CSM TAIPEI) NOTES DESPITE ROC'S RECORD TRADE LEVELS THIS YR, BUSINESS/GOVT LEADERS ANXIOUS OVER RISING PROTECTIONIST TRENDS IN W EUROPE/US/AUSTRALIA. DESPITE DAMAGES WROUGHT BY SUCCESSION TYPHOONS LAST JULY/AUGUST, ROC STILL MANAGED 8.1 PCT GROWTH GNP. OBSERVES OTHER COUNTRIES WOULD BE HAPPY W/ROC'S RECORD, BUT FOR NUMBER OF REASONS ROC "DID NOT WANT TO BE KNOWN AS ONE OF THOSE." INTERNAL POLITICS ONE FACTOR, SKLAREWITZ SAYS; OTHER IS PROSPECT OF CARTER ADMIN NORMALIZING W/PRC. TO HEAD OFF POSSIBILITY OF RESTRICTIVE TRADE POLICIES FROM US IN '78, NOTES IN JAN ROC SENT TRADE MISSION TO US W/AUTHORITY

PURCHASE SOME 3000 MILLION DOLS US AGRIC/INDUSTRIAL GOODS.

10. VIETNAM/CAMBODIA/CHINA

SHARKEY (WP) REPORTS CAMBODIA HAS SHOWN NO SIGN OF RESPONDING TO PEKING'S "APPARENT" ATTEMPT BRING ABOUT SETTLEMENT OF HOSTILITIES W/VN. IN FACT, SHARKEY REPORTS, CAMBODIA NOW STEPPING UP RHETORIC AGAINST VN. SAYS WHILE PP MAY BE TAKING SOME RISKS IN SNUBBING PRC MEDIATION EFFORTS, ANALYSTS PREDICT LONG STALEMATE IN VN/CAMBODIA QUARREL FOR FOLLOWING REASONS: (1) CAMBODIA TOO WEAK MILITARILY EITHER TO OUST INVADING VN FORCES OR HOPE FOR SIGNIFICANT CONCESSIONS IN ANY TALKS W/VN (2) VN SEEMS CONSTRAINED BY IMPORTANT DIPLO CONSIDERATIONS FROM FORCING DRAMATIC CLIMAX TO CLASHES, SUCH AS DRIVING ALL WAY TO PP--NOT ONLY IS HANOI CONCERNED ABOUT UPSETTING PRC, BUT ALSO ABOUT ITS IMAGE IN REST OF SEA. (3) PRC, WHILE EAGER SEE ISSUE SETTLED, IS HESITANT ABOUT EITHER BRINGING MASSIVE PRESSURE AGAINST PP OR FURTHER ESTRANGING HANOI. SAYS ANALYSTS FURTHER BELIEVE SOME JUSTIFICATION FOR PP'S CHARGES THAT VN WANTS REDUCE CAMBODIA TO VASSAL STATE.

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11. JAPAN

MULLANEY (NYT) SAYS ACCORDING FINANCE VICE-MIN MATSUKAWA, THOSE AMERICAN/JAPANESE ANALYSTS SKEPTICAL OVER JAPAN'S ABILITY REACH 7 PCT ECON GROWTH THIS YR "LOOKING AT OUTDATED DATA"/"NOT WELL INFORMED." MATSUKAWA SEES REAL PROBLEM W/JAPANESE SURPLUS ON IMPORT SIDE, NOT EXPORT VOLUME, AND EXPRESSES CONFIDENCE HIGHER IMPORTS BY JAPAN WOULD DEVELOP THIS YR. ON INTL SCENE, MIN SAID HE FEARS ECON PICTURE OVERALL WILL BE "LITTLE BIT WORSE IN 1978 THAN LAST YEAR," IF ALL GOVTS DON'T "TAKE COURAGEOUS ACTIONS" COPE W/ECON PROBLEMS.

IN 2ND OF SERIES, JOC'S CULLISON (TOKYO) WRITES THAT JAPANESE FEEL THEY ARE BEING UNFAIRLY PENALIZED FOR UNEQUALLED SUCCESS IN FREE TRADE. STATES IN TIMES OF GLOBAL ECON GROWTH, NONE OF JAPAN'S TRADING PARTNERS OBJECTED TO ITS SURPLUS; BUT WHEN PROLONGED WORLD RECESSION OCCURS, "WESTERN STATES BEGIN SEARCHING OUT A SCAPEGOAT." NOTES WHILE "EXPRESSIONS OF RIGHTEOUS INDIGNATION" APPEAR FREQUENTLY IN JAPANESE PRESS, JAPAN'S BUSINESS/GOVT LEADERS

BELIEVE SERIOUS EFFORTS MUST BE MADE THIS YR TO AVOID TRADE WAR. REMARKS MOST ECONOMISTS THRUOUT WORLD AGREE JAPAN HAS LARGELY ITSELF BLAME FOR CURRENT PLIGHT/HEAVY EXTERNAL PRESSURES IT'S NOW BEARING. SAYS WHILE "THIS MAY BE OVERLY SIMPLISTIC," IS "VERY CLOSE TO THE TRUTH." VANCE

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